Reform of department-wide budget performance in Zhejiang

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The report of the 19th National Congress puts forward: **speeding up** the establishment of a modern fiscal system

- Establish fiscal relations between central and local governments with clear powers and responsibilities, coordinated financial resources, and regional balance
- Establish a comprehensive, standardized, transparent, scientific, and binding budget system to **comprehensively implement performance management**
- Deepen the reform of the tax system and improve the local tax system

Opinions on the comprehensive implementation of budget performance management: promote reform to carry out the **department-wide and unit-wide budget performance management**

- Strengthen the **ownership** of the departments and units to manage their own finance and grant greater autonomy to them.
- Integrate departmental and unit budget revenues and expenditure into **performance management**
Issues:

- Inadequate awareness of performance and ownership
- Inadequate width and depth of performance management
- Ineffective incentives and constraints for driving performance
2 Existing conditions

1. Leadership commitment
   - Strong commitment of the leadership from the provincial government and CPC party committee at the province

2. Institutional guarantee
   - Budget Law
   - Regulation on the Budget Review and Supervision in Zhejiang
   - Policies regarding the set-up of modern fiscal management system
   - Internal control

3. Supporting infrastructure
   - Budgetary expenditure standard system development
   - Project performance management
   - Whole-process performance management
3 Reform philosophy

Establish 5 institutions

- Establish department-wide performance indicators and performance target system
- Establish a global budgeting management mechanism linked to department-wide performance
- Establish a department-wide performance evaluation mechanism
- Establish a reward and punitive mechanism for the department-wide performance evaluation
- Establish an enabling mechanism to promote the reform of department-wide performance management
Establish department-wide performance indicators and performance target system

1. Category 1 indicator
   - For government performance management and assessment: Introduce the evaluation indicators for key tasks of the provincial party committee and the provincial government
   - Output result category: Reflecting the various business outputs of the department and Indicator showing results
   - Social evaluation category: Including clean government building, public satisfaction rate and complaint settlement rate

2. Category 2 indicator

Set the overall performance indicators for the departments according to the principle of “one department, one set of indicators”
Establish a global budgeting management mechanism linked to department-wide performance.

Global budget

1. Basic expenditure
2. Project expenditure (except for the purchase and construction of houses and buildings, Special one-off items such as large repairs)
3. Special transfer payment

Choosing output indicators that are more relevant to the development of the department's undertaking:

1. According to the existing budget management policy
2. According to the budget report requirements:
   - standardized
   - well-regulated
   - adequate
Establish department-wide performance evaluation mechanism and reward and punitive mechanism.

1. Category Indicator I
   - Party committee government carry out key work performance evaluation and produce results
   - Excel
   - Qualified
   - Differ

2. Category Indicator II
   - Evaluation by department and finance department

Evaluation result reward and punishment mechanism.

Explore to link the mechanism of the department-wide performance evaluation with staff income increase or leadership promotion.
Establish an enabling mechanism to promote the reform of department-wide performance management

1. Government performance assessment agency
   - Key work performance target
   - Key job performance evaluation

2. Financial department
   - System Design
   - Indicator system
   - Evaluation System
   - Link-up mechanism
   - Performance Evaluation

3. Department
   - Target preparation
   - Budgetary compilation
   - Budget execution
   - Performance self-evaluation
   - Internal control

A clear division of labor
Pilot effectiveness

"If it costs, it has to be effective"
- The department’s sense of responsibility and ownership has been significantly strengthened

From "talking about money" to "talking about responsibilities"
- Significantly improved financial budget management

"If an expense is ineffective, accountability will be triggered.
- Performance monitoring has been significantly strengthened
Thank you